



Red Hot Business Coaching & Consulting

Business Confidence Quick Survey Report – July 2023

Overview

The Hutt Valley Chamber of Commerce completed this Business Confidence Survey in July 2023.

The survey was completed with the support of Bronze Partner, Red Hot Business Coaching & Consultancy.

Key Findings – July 2023 Business Confidence Survey

The overall picture from this survey is that there is a continuing ‘**Cost of doing business crisis**’ with over 85% of businesses expecting that the cost of doing business will be ‘Much More or Somewhat More’ expensive over the next 6 months. This is an increase of nearly 7% compared to March 2023 and a 12.5% increase from January 2023.

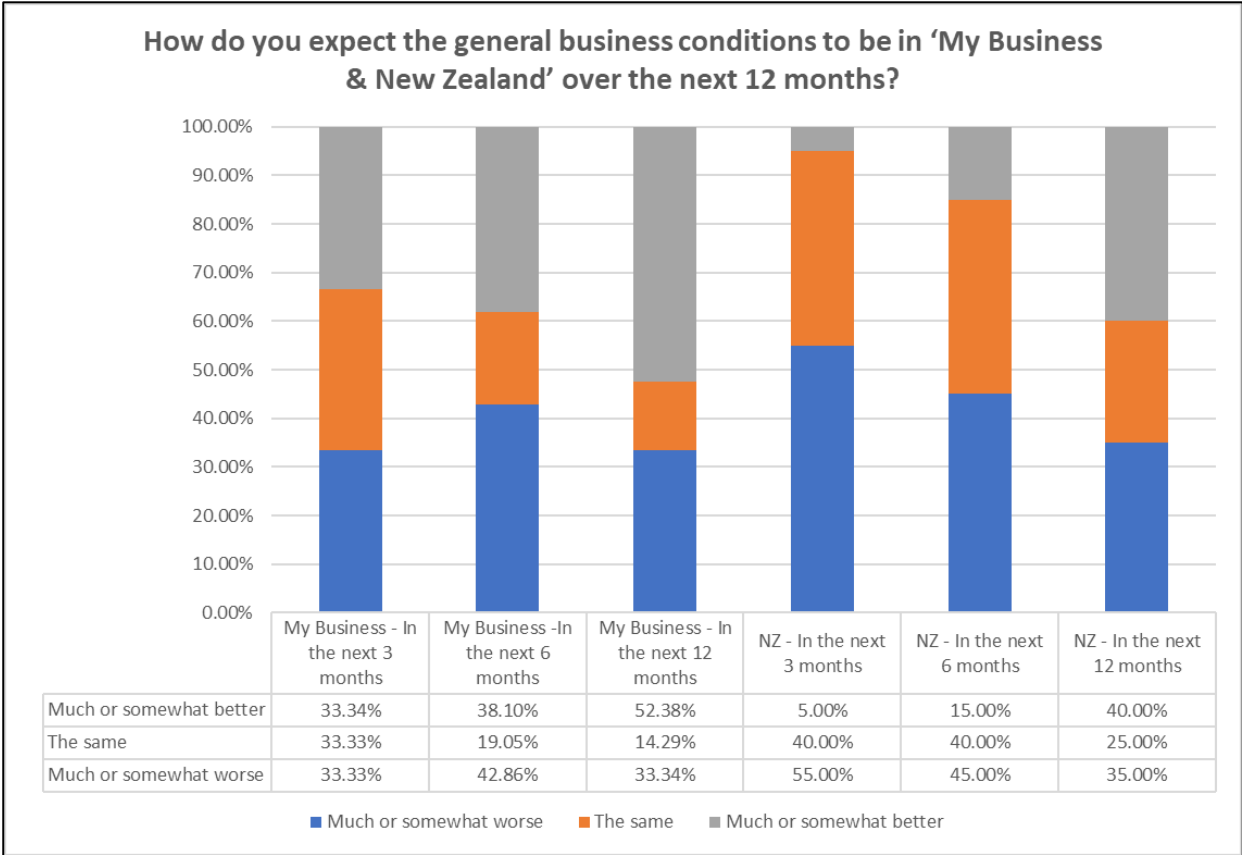
For the first time in about 2 years, we have seen a slow down in the immediate need for staff with only 38.1% of businesses saying that they are experiencing issues with filling staff vacancies in their business. This is 15.1% change from March 23 when over 50% of businesses were experiencing issues in recruiting staff. We would suggest that this is a direct result of businesses feeling the impact of higher costs and the economic slowdown.

Planning is key for any business and it would appear that planning ahead has been a key activity for Hutt Valley businesses, with 84.2% of businesses having planned and already factored the change in economic situation to their business decisions or have made no change to their approach to their business planning. This indicates that most businesses have been working hard to be ready for this current economic situation.

There are some factors which are a continued trend from previous surveys. These include:

- 61.9% of businesses indicated that they are you expecting to need to recruit staff in the next 12 months. Whilst this is down slightly from the high experienced in March 2023 (at 68.75%) it does suggest that there is still demand for staff as businesses start to consider the next 12 months.
- There is a continued business sentiment for ‘their business’ in the 3-month and 12-month outlook with businesses expecting that things will be 17.7% and 8.62% ‘Somewhat Better or Much Better’ respectively.

One other area of positive outlook is an overall increase in the business sentiment for ‘New Zealand’ in the 3-month, 6-month, and 12-month outlook with businesses expecting that things will be 5%, 11.8% and 15% ‘Somewhat Better or Much Better’ respectively when compared to March 2023. Most of this sentiment has changed from businesses feeling New Zealand will be ‘Much Worse of Somewhat Worse’.

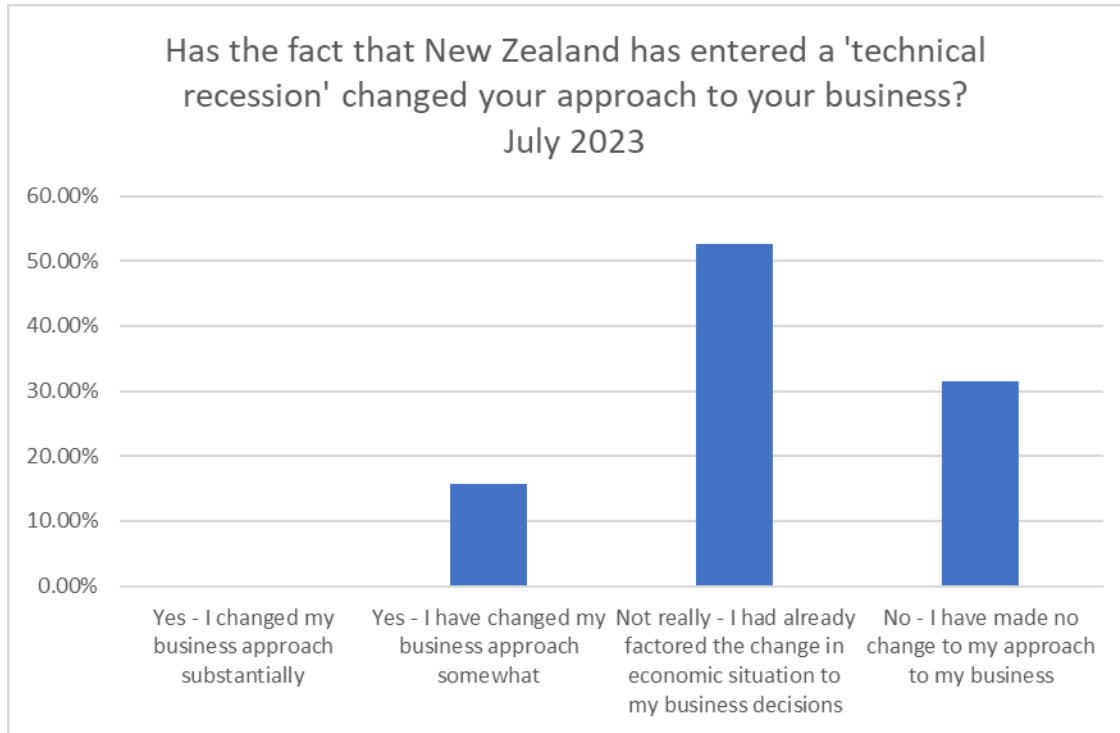


There does though continue to be a notable difference between the sentiment for positive outlook for 'My Business' versus 'New Zealand'.

This is most visible (in the graph above) through the increase in 'Much or Somewhat Better' between the 3-month to 12-month projections. Whilst businesses feel there will be improvements for New Zealand over this same period there is notable difference between the two views.

Detailed Survey Responses

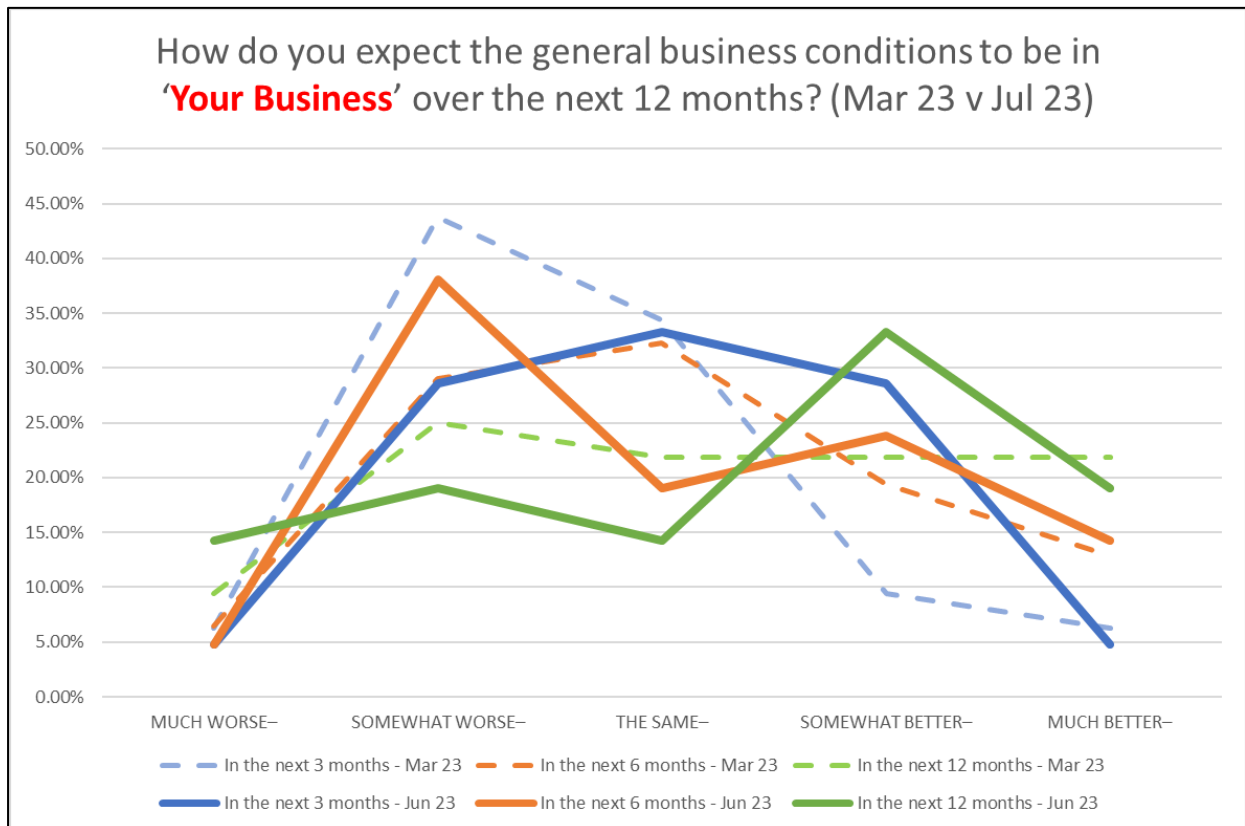
Has the fact that New Zealand has entered a 'technical recession' changed your approach to your business?



Whilst it is not good news that New Zealand has entered a 'technical recession' (two quarters of negative growth) it would appear from the survey that most businesses had already planned ahead or factored this into their business planning.

A total of 84.21% of businesses had already factoring the possibility of a recession into their plans or have not had to make any adjustments to their approach.

Business Outlook - Their Business



There continues to be shifts in how businesses are feeling in the short (3-month), medium (6-month) and longer term (12-month) about **their business**. As you will note from the graph (above) there are notable shifts in most aspects when compared to 3 months ago (March 2023).

The most significant shifts are seen in the 3-month and 6-month number of businesses that are feeling things will be 'Somewhat Worse'. In the 3-month view there is a positive reduction of businesses in the 3-month timeframe (-15.08%). However in the 6-month view there is a 9.07% increase in businesses feeling like the economic situation will be "Somewhat Worse".

The major indicators businesses are anticipating over the coming 3-month, 6-month and 12-month periods include:

3-month outlook

- One third (33.33%) of businesses feel like things will be 'Much Worse or Somewhat Worse' in July 2023. This is a reduction of just under 17% from March 2023.
- Positively, 28.57% of businesses are feeling like their business will be 'Somewhat Better' in the next 3 months compared to March 2023. This is an increase of 19.1% from March 2023.

6-month outlook

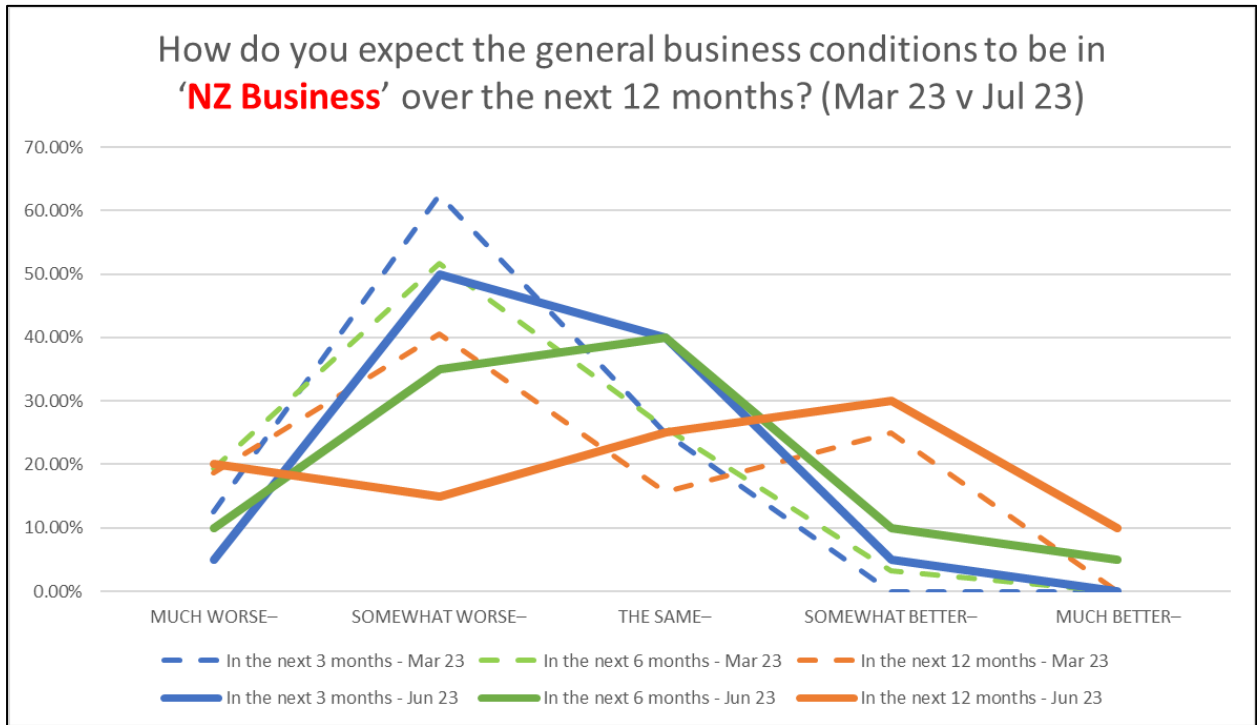
- 42.86% of businesses feel like things will be 'Much Worse or Somewhat Worse' in the next 6 months in July 2023. Whilst this has improved by 7.38% from the March 2023 survey it still indicates a significant amount of medium term challenge.

- The majority of the change in sentiment for 'Much Worse or Somewhat Worse' can be attributed to less businesses feeling like things will be 'The Same' in July 2023. This has reduced by 13.21% from March 2023 alongside some small gains in businesses feeling that things will be 'Somewhat Better or Much Better'.

12-month outlook

- About the same number of businesses (34.28%) are feeling like things will be 'Much Worse or Somewhat Worse' in July 2023. This is compared to 33.34% in March 2023.
- Positively, over half (52.38%) feeling like their business will be 'Somewhat Better or Much Better' in the next 12 months compared to March 2023. This is an increase of 8.62% from March 2023 and mainly in businesses that think things will be 'Somewhat Better'.

Business Outlook – New Zealand Business



There is some shift in the July 2023 sentiment of businesses based in the Hutt Valley about New Zealand. There is some movement towards a slightly more positive outlook. However the feeling is still largely towards a negative outlook with 55% (3-months), 45% (6-months) and 35% (12-months) towards New Zealand being in a 'Much Worse or Somewhat Worse' situation.

There are positive shifts in the 6-month and 12-month views towards business in New Zealand

The major indicators businesses are anticipating over the coming 3-month, 6-month and 12-month periods include:

3-month outlook

- 55% of businesses feel like things will be 'Much Worse or Somewhat Worse' in New Zealand in the next 3 months. Whilst this is a reduction from 75% it still represents a high proportion of businesses that feel things will be 'Much Worse or Somewhat Worse'.
- Positively, now 40% of businesses consider that things will be 'The Same' for New Zealand in the next 3 months. This is up from 25% when businesses were asked in March 23.

6-month outlook

- 45% of businesses feel like things will be 'Much Worse or Somewhat Worse' in New Zealand in the next 6 months. Whilst this is a reduction from 70.96% in March 2023 it still represents a high proportion of businesses that feel things will be 'Much Worse or Somewhat Worse'.
- Worryingly the number of businesses that feel New Zealand will be 'The Same' in the next 6 months is at 40%. This is a rise of 14.19% from March 2023.
- Positively the number of businesses that feel things will be "Somewhat Better or Much Better in 6 months is 15% which is a rise of 11.77% when compared to March 2023.

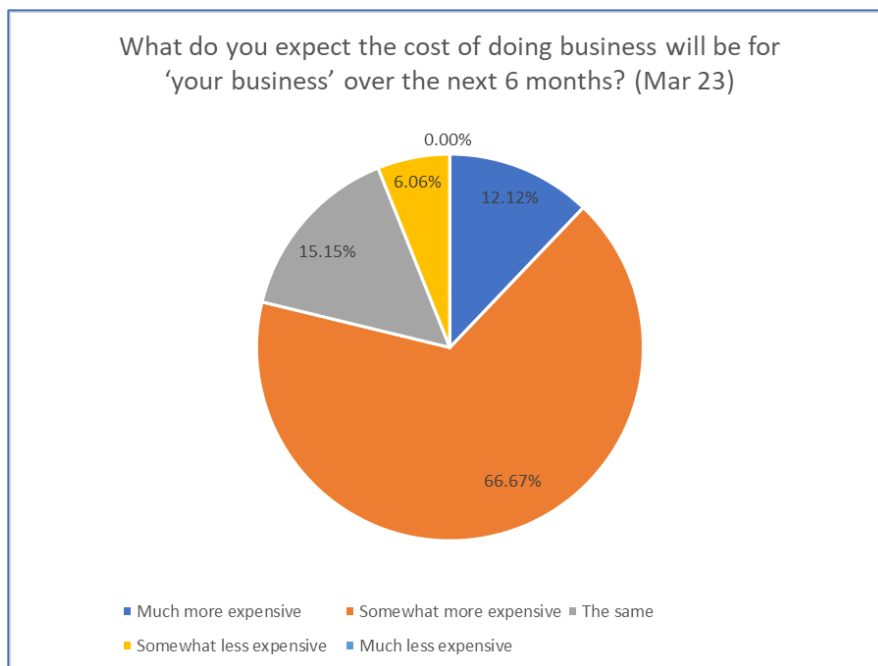
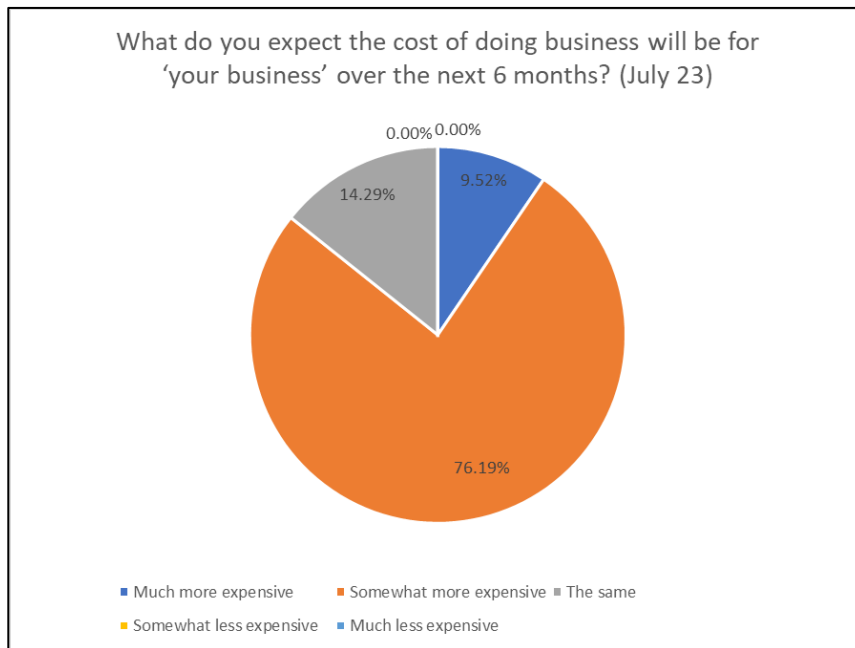
12-month outlook

- 35% of businesses feel like things will be 'Much Worse or Somewhat Worse' in New Zealand in the next 12 months. This is a reduction from 59.38% in March 2023.
- More businesses (25%) now consider that feel New Zealand will be 'The Same' in the next 12 months. This is a rise of 15.63% from March 2023.
- Positively the number of businesses that feel things will be "Somewhat Better or Much Better in 12 months is 40% which is a rise of 15% when compared to March 2023.

Cost of Doing Business

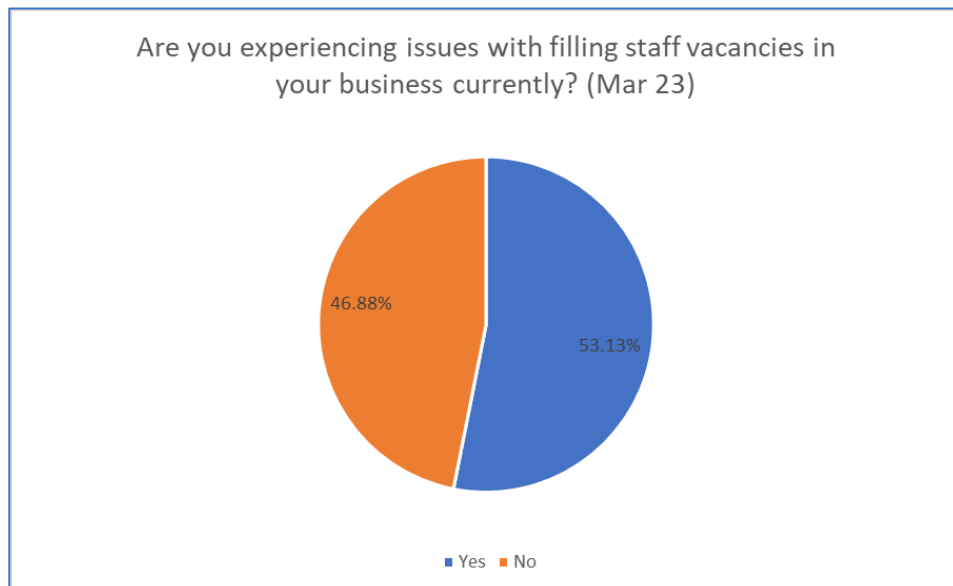
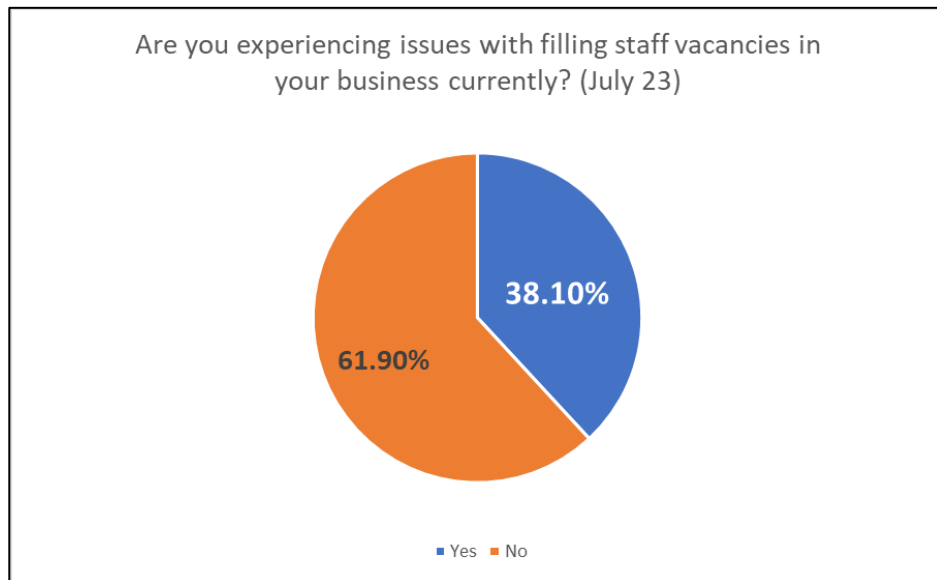
The continuing 'cost of doing business crisis' is getting worse.

- 85.71% of businesses feel like the cost of doing business will be 'Much More or Somewhat More' expensive over the next 6 months. This is an increase of 6.92% when compared to March 2023.
- Zero (0%) businesses feel like things will be 'Somewhat Less or Much Less' expensive in the next 6 months.

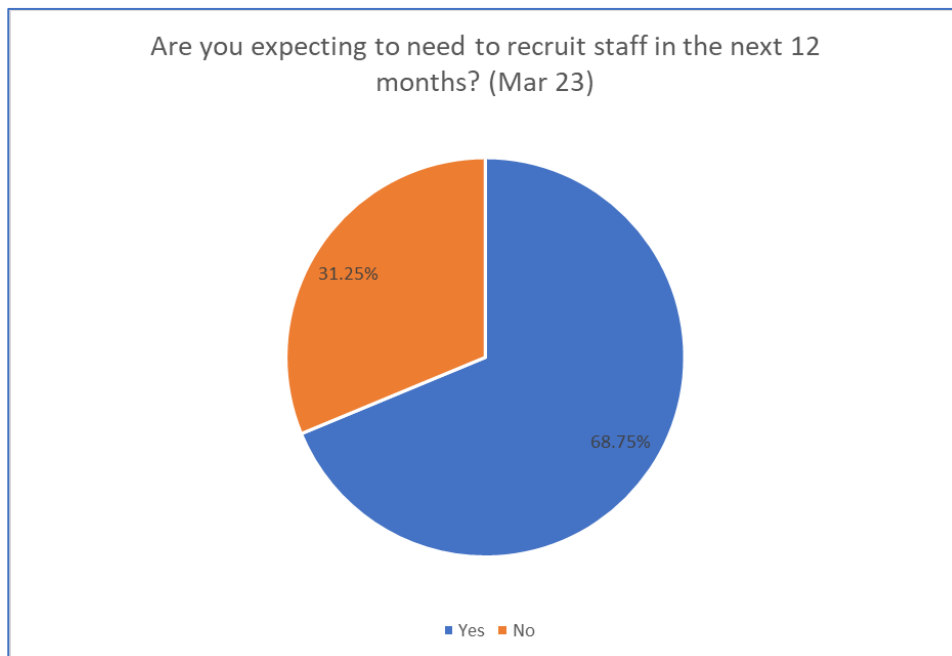
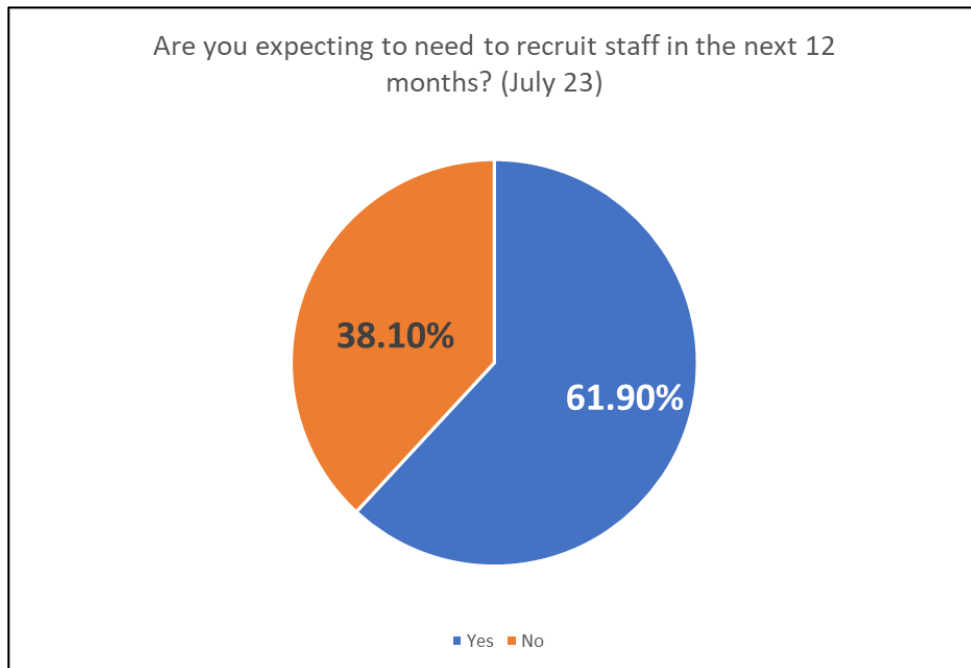


Finding Staff

Worryingly the number of businesses that are seeking staff currently has dropped from 53.13% to 38.10%. This is the first time we have seen a drop of this significance for some time. This may be a sign of the current economic challenges facing both the Hutt Valley and New Zealand.



- Whilst the trend has turned for the current recruitment the longer-term trend is that employers in the Hutt Valley still expect to recruit in the next 12 months. 61.90% of the employers expect to recruit in the next 12-months versus 68.75% in March 2023.



Some Comments from Survey Respondents

Survey respondents had a range of comments in addition to their survey responses. We have categorised these as follows:

Government & Local Government

- My fear is that factors influencing the business environment may be used as political footballs during the upcoming election. I don't mean well-argued and thought-out policies, but the knee-jerk reactions to the policies of others which sometimes paint future ministers into a corner - 'making policy on the hustings'.
- Government policy focuses on disabling communities and industry, a pivot is urgently needed to revitalise.
- Feels like things are going to slow down a bit especially with Government contracts and the property market. I know that a lot of developers are up against a wall because of the cost of money at the moment. Our activities just continue on, but it does affect pricing of opportunities etc.

Business Impacts & Opportunities

- The banks are not playing their part when it comes to business funding.
- I have an in-person service business (massage and movement therapy) which suffered massively with COVID, now also affected by inflation. Things finally seem to be picking up a little but not back to pre-COVID levels.
- Cyber security risks are increasing.
- ESG compliance, additional costs involved as we move towards agenda 30 targets/ mandates.
- The banking sector sucks. They need to take some responsibility and not milk the customers while the views are so dark.
- issue of concern moving from raw material supply to demand side sales weakness on top of increasing fixed costs